

Before the
Federal Communications Commission

In the Matter of Provision of Directory)
Listing Information Under the Communications) CC Docket Nos. 99-273, 92-105,
Act of 1934, As Amended,) 92-237, FCC 01-384

COMMENTS OF THE CONSUMER FEDERATION OF AMERICA

Mark Cooper
Director of Research
CONSUMER FEDERATION OF AMERICA
1424 16th Street, NW
Suite 604
Washington DC 20036
(202) 387-6121

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On January 9, 2002, the Federal Communications Commission (“Commission”) issued a Notice of Proposed Rulemaking (“*Notice*”) seeking comment on the extent to which consumers would benefit if the retail directory assistance market were opened to competition.¹ The Consumer Federation of America (CFA) urges the Commission to promote effective competition in the directory assistance market.

Since the passage of the Telecommunications Act of 1996, CFA has steadfastly supported genuine market opening and competition in telecommunications. For example, we were among the earliest supporters of the New York approach to local market opening, which has been the most successful effort in the nation by far. At the same time, from the outset, we have cautioned policymakers that it takes a great deal of attention and oversight by regulators to create the conditions for competition in telecommunications markets that have been a monopoly for almost a century. Directory assistance is an area that has not received adequate attention to market opening.

Under the current market structure for directory assistance, consumers suffer a host of ills due to the monopoly control of incumbent local exchange carriers (“ILECs”) over 411 directory assistance. For instance, ILECs provide inaccurate information to customers in as many as one out of three calls.² Such accuracy rates result in misbillings of hundreds of millions of dollars. Even when the information provided is accurate, customers must pay an inflated fee for the low-tech service that is offered: *i.e.*, number retrieval. Customers must

¹ See *In the Matter of Provision of Directory Listing Information Under the Communications Act of 1934, As Amended*, Notice of Proposed Rulemaking, CC Docket Nos. 99-273, 92-105, 92-237, FCC 01-384 (Jan. 9, 2002).

² See, e.g., *Information Operators Often Get It Wrong, Survey Says*, Associated Press, June 18, 2000 (“A survey shows information operators give out wrong numbers or can’t find the number at all in about one out of three cases.”); Jim Frost, *4-1-1 Mistakes Cost Callers Millions: Need the Numbers For Yellowstone National Park? Or Even Comiskey? Try Again*, Chicago Sun-Times, June 18, 2000 (“At least one out of three calls to directory assistance resulted in a wrong number, in a test by the Chicago Sun-Times.”).

also endure poor quality of service (*e.g.*, unhelpful operators or long waiting times), and lack of innovation. Moreover, entire classes of customers, such as Spanish speakers, are currently either unserved or underserved by the ILECs, which too often offer a one-size-fits-all service to all customers.

While alternative directory assistance providers have attempted to persuade customers to use numbers other than 411 for directory services, the vast majority of customers have remained wedded to 411. Alternative codes are entirely unfamiliar and longer. After decades of being told to use 411 for information, the term has entered the vernacular and such strong “brand loyalty” is extremely difficult to overcome. Thus the ILECs have inherited a legacy from the monopoly period and abused it.

Directory assistance is one among many glaring examples of the failure of the Commission to establish a framework for effective consumer choice and protection. Regulation has been peeled back, but competition has not filled the void. As a result, consumers are subject to the worst of all possible worlds, the exercise of market power unrestrained either by market forces or government oversight.

Given the disinclination of the Commission to properly regulate telecommunications markets, the least it could do is promote effective competition in this market. Therefore, CFA urges the Commission to introduce competition into the directory assistance by giving alternative providers access to the 411 code. Unless the Commission takes such action, directory assistance will never develop into “a sophisticated voice-based portal that potentially can offer the consumer a wide spectrum of high quality services at competitive prices.”³

³ Notice ¶ 1.

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